

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6794

BILL NUMBER: SB 173

NOTE PREPARED: Jan 17, 2014

BILL AMENDED: Jan 16, 2014

SUBJECT: Nursing Facility Moratorium.

FIRST AUTHOR: Sen. Miller Patricia

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill defines "under development" for purposes of the moratorium on nursing facility comprehensive care beds.

The bill prohibits the Indiana State Department of Health (ISDH) from approving the licensure of comprehensive care health facilities or new or converted comprehensive care beds. It also prohibits residential nursing care facility beds from being converted to comprehensive care beds.

The bill adds exemptions for: (1) health facilities under development as of June 30, 2014; (2) certain replacement facilities; and (3) continuing care retirement communities. The bill also specifies that the ISDH makes the final determination concerning whether an entity is under development.

Effective Date: Upon passage; June 30, 2014; July 1, 2014.

Explanation of State Expenditures: (Revised) This bill would cap the licensure of new or converted comprehensive care beds and facilities. After June 30, 2014, only replacement facilities licensed before July 1, 2014, and located within the same county, facilities in continuing care retirement communities, and small house facilities could be licensed. If there is an increase in the number of new facilities in 2014 due to the impetus to beat the deadline, the workload of the licensure and survey teams will be increased for a short period of time. Once the deadline passes, there should be fewer additional new facilities or transfers of existing beds.

Any increase in the number of facilities will impact the ongoing workload of the Division of Long Term Care due to the accompanying increase in the number of surveys and administrative duties in support of the

licensing program. However, without the moratorium on licensure, increases in the number of new facilities could be ongoing.

The fiscal impact on Medicaid nursing facility reimbursement is not known at this time.

Additional Information: The Family and Social Services Administration reported that the moratorium on Medicaid certified beds resulted in a decline of over 500 beds statewide in the five years it has been in effect. It was further reported that nursing facility occupancy is currently 80.26%. The number of licensed beds by certification status is shown below.

Certification	Facilities	Beds
Medicaid Only	12	1,493
Medicare Only	26	7,549
Medicaid & Medicare	481	41,704
Not Certified/ Private	1	924 all facilities
Total	520	51,670

Explanation of State Revenues: The bill will restrict the development of new facilities after June 30, 2014. ISDH expects that there may be a surge in planned new facilities trying to meet the definition of “under development” in order to beat the deadline. This may temporarily impact licensure and one-time plan review fee revenue received in FY 2014 from nursing facilities. Nursing facility plan review fees are \$150, and annual health facility license fees are \$200 for the first 50 beds and \$10 for each additional bed. The impact on revenue would constitute a timing issue; once the deadline has passed, this revenue stream would likely decline to a level associated only with the development of facilities included in the exempted categories. The impact on revenue would likely be small.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Indiana State Department of Health; Family and Social Services Administration.

Local Agencies Affected:

Information Sources: ISDH; *Five-Year Plan to Reduce the Number of Medicaid Certified Comprehensive Care Beds*, FSSA Report to Health Finance Commission, October 31, 2013.

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